

IC 21-34-7

Chapter 7. Grant Anticipation Loans

IC 21-34-7-1

Written contract for grants

Sec. 1. (a) The board of trustees of a state educational institution that has entered into a written contract for a grant, pending the receipt of the grant, but within the limitations set forth in section 2 of this chapter, may:

- (1) borrow from any person; and
- (2) evidence the debt by a note or a series of notes of equal or unequal amounts containing the terms and conditions that the board of trustees the state educational institution prescribes.

(b) Any note may pledge, for the payment of the principal and interest of the note:

- (1) the proceeds of the grant; and
- (2) any revenue that may be derived from the building facility being constructed, acquired, renovated, or improved by the proceeds of the note or notes.

As added by P.L.2-2007, SEC.275.

IC 21-34-7-2

Maximum amount of grants

Sec. 2. A grant anticipation loan may not exceed eighty percent (80%) of the estimated amount of the grant in anticipation of which the loan is made. The board of trustees of the state educational institution shall make prepayments of the outstanding balance of its note or retire one (1) or more of its series of outstanding notes promptly upon partial receipt of grant funds so that the outstanding amount of any loan does not exceed the balance of the grant funds yet to be received.

As added by P.L.2-2007, SEC.275.

IC 21-34-7-3

Notes for a grant anticipation loan

Sec. 3. The notes for a grant anticipation loan must be:

- (1) executed in the same manner as provided for bonds in IC 21-34-6-18; and
- (2) sold in the same manner as provided for bonds in IC 21-34-6-8 through IC 21-34-6-17.

As added by P.L.2-2007, SEC.275.

IC 21-34-7-4

Proceeds of a grant anticipation loan

Sec. 4. The board of trustees of a state educational institution shall apply the proceeds of any grant anticipation notes to those items of cost for which the grant has been allocated by the granting agencies. The purchaser of any notes:

- (1) is not liable for any improper use of the proceeds; and
- (2) does not have to insure that the amount of the loan stays

within the maximum limits specified in section 2 of this chapter
as grant funds are received by the state educational institution.
As added by P.L.2-2007, SEC.275.